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1. French views on status of Indochina--US representative Gullion in Paris has been informed by Parodi, Secretary-General of the French Foreign Office, that the French Government is unable at this time to issue a statement outlining a plan for "evolutionary" development in Indochina. Parodi points out that the Government cannot tell the French Parliament the agreements just ratified are of "merely passing value" and comments that the French cannot afford to "kindle unrealistic nationalist appetites" in Indochina that would have to be disappointed later. Parodi adds, however, that "important extensions" of the 8 March 1949 Franco-Vietnam agreement will be made, and he cites as an example the recent permission given the Vietnamese to establish missions in London and Washington. Parodi concludes that the French, "after thoughtful consideration," intend to seek US and UK views on the very serious problems in Indochina.

FAR EAST.

2. CHINA: Shanghai air raid damage reported to be severe--US Consul General Shanghai reports that the Chinese Nationalist air raid of 6 February resulted in severe damage to the city's power facilities. The Consul General estimates that the necessity to maintain essential public services will result in a heavy cut in the amount of power normally supplied to industrial users and transmits the opinion of top officials in the Shanghai Power Company that a continuation of such damaging air raids during the next few days would render Shanghai "virtually untenable."

(CIA Comment: CIA believes that although the 6 February raid caused considerable temporary disruption in Shanghai, its broader significance in terms of Nationalist military capabilities or the effect on Communist China cannot be established unless frequent raids of similar weight and accuracy are staged.)

State Dept. review completed

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